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C O N F I D E N T I A L SECTION 01 OF 03 PANAMA 001015

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SUBJECT: PANAMA: WHO IS PRESIDENT-ELECT MARTIN TORRIJOS AND
HOW WILL HE GOVERN?

REF: A. 03 PANAMA 3173

[B](#). PANAMA 0145

[C](#). PANAMA 0205

[D](#). PANAMA 0802

[E](#). PANAMA 1014

Classified By: DCM Christopher J. McMullen for Reasons 1.4 (b) & (d)

SUMMARY: MARTIN TORRIJOS WINS MAY 2 GENERAL ELECTIONS

[1](#). (SBU) At 7:35 p.m. local time (8:35 p.m. Washington time), Panama's Electoral Tribunal declared Martin Erasto Torrijos Espino the winner of Panama's May 2, 2004 General Elections. It appeared that voter participation would exceed 75%. Torrijos' five-year term as President will commence September 1, 2004. Torrijos' Democratic Revolutionary Party (PRD) joined forces with its historical opponent, the Popular Party (PP) to propel him to victory. Torrijos has surrounded himself with young, primarily US-educated professionals like himself and has changed the face of the PRD by marginalizing "old guard" supporters of former President Ernesto Perez Balladares (1994-99). Torrijos is a little-known quantity in governing style, largely because his government experience is minimal. Torrijos and those closest to him have shown strong indications that they intend to work closely with U.S. officials, especially on security, law enforcement, trade and investment. Torrijos is married and has three children. His wife, the former Vivian Fernandez Bello, whose parents were born in Cuba, is a successful professional woman in public relations. Like her husband, Mrs. Torrijos speaks English well. End Summary.

PERSONAL BACKGROUND

[2](#). (SBU) The son of former Panamanian dictator Omar Torrijos and Xenia Espino, a former Air Panama flight attendant who was not Omar's wife, Martin Torrijos was born on July 18, [1](#)1963. Torrijos' maternal grandparents raised him during his early years in the town of Chitre, 251 km. west of Panama City in Herrera Province since his mother traveled often for work. At approximately age 12, Torrijos moved to a Panama City apartment with his mother. Torrijos has publicly praised his mother and maternal grandparents for raising him.

[3](#). (SBU) Omar Torrijos only recognized Martin Torrijos as his son when he was in his teens, and sent him to St. John's Military Academy in Wisconsin to attend high school with his half-brother Omar Jr., under the "parental" supervision of Colon-born business Cirilo McSween, who later "adopted" Martin and Omar after their father's 1981 death in a plane crash. Torrijos, who spent ages 15-29 (1978-1992) mostly in the United States, earned bachelors degrees from Texas A&M in political science (1986) and economics (1988). During 1989-91, before Ernesto Perez Balladares (EPB) called Torrijos back to Panama to help reorganize the PRD in 1992, Torrijos helped manage several McDonald's franchises owned by McSween's Cirilo Incorporated, as well as insurance and banking interests in the Chicago area.

[4](#). (C) Torrijos is a quiet deliberator who has only recently come out of his shell as a decisive leader. Many interpret his reserve as a sign that he lacks substance and is easy prey for manipulation. Torrijos, who considers himself a "self-made man," is exceedingly self-conscious about giving the appearance that others maintain or manipulate him. Opponents' probes during the campaign regarding the source of Torrijos' personal wealth angered him greatly because he understood that they sought to "prove" the supposition that he owes all of his wealth to proceeds of Panama's corrupt 21-year dictatorship. Torrijos' Campaign finance manager Ubaldo Real, who met him at Texas A & M, noted that Torrijos' reluctance or inability to describe his assets and business interests tends to exacerbate rumors of ill-gotten

wealth by making it appear that he is trying to hide something.

15. (C) Martin Torrijos married Vivian Fernandez Bello, whose parents are Cuban, in 1990. They have three children, Daniella, Martin Jr., and Nicolas. Vivian has a successful public relations firm, but has stated that she will take time off to support Martin's five-year presidency. Both Martin and Vivian have a profound interest in programs to assist the handicapped. Their ten-year-old daughter Daniella has spastic cerebral palsy, but thanks to the best medical care available, she has developed only slightly slower than other children her age.

POLITICAL/GOVERNMENT EXPERIENCE

16. (SBU) After officially registering with the PRD on May 14, 1993, Martin became PRD Youth Committee chairman in 1994. When EPB became president in 1994, he named Martin as Vice Minister of Government and Justice. Torrijos kept a low profile as Vice Minister, which led his opponents to criticize his apparent lack of governing experience, particularly during the recent campaign. While Vice-Minister during EPB's 1994-99 term Torrijos also served on the Board of Directors of several government entities, including the now-privatized Civil Aviation Authority and state-owned telephone utility INTEL, and the Prison Modernization Commission.

17. (SBU) After EPB lost a 1998 referendum to permit him to run for another term, Martin competed against and defeated current Panama City Mayor Juan Carlos Navarro and several others for the PRD's 1999 presidential nomination. Viewing Martin as the least threatening to his future prospects, EPB grudgingly made way for Torrijos' 1999 run for president. Rumors have circulated for over a year in Panama that EPB, eyeing a 2009 comeback for himself, even surreptitiously backed Torrijos opponent Guillermo Endara.

18. (SBU) Since his May 1999 loss to Mireya Moscoso, Torrijos' sole purpose was winning the presidency in 2004. When Torrijos (38% of vote) lost the 1999 election to Moscoso (44% of vote), he dedicated himself full time to recruiting new PRD Members and consolidating his control over the party. Some of Torrijos' closest associates have estimated that up to half of the PRD's 474,000 registered voters as of January 2004 joined the party to follow him. Regardless of the exact figure, Torrijos has tremendous appeal with Panamanian youth and has managed to break some of the anti-PRD stigma, particularly with those who are too young to remember the harder years of Panama's 1968-89 military dictatorship.

LIKELY POLICIES

19. (SBU) In addition to "yes we can," Torrijos' campaign mantra was "more jobs, more security, zero corruption." Torrijos has proposed creating jobs by "revitalizing" export-capable economic sectors, such as agriculture and manufacturing; increasing productivity and competitiveness (through training, education, and investment in infrastructure); prioritizing tourism, maritime services and ports, transport, fisheries, communications, and financial services such as "growth industries"; concluding a Panama-U.S. free trade agreement; and rationalizing public finances, reducing regulations, and completing the Colon-Panama highway. First Vice President-elect Samuel Lewis Navarro has asserted that a U.S.-Panama bilateral Free Trade Agreement (FTA) is about investment, not trade. He touted the FTA for its positive effects on procurement and contracting as the main lever to get foreign financing for Canal expansion, which will be the biggest infrastructure project in the Hemisphere.

10. (C) Martin Torrijos made platform proposals on public security (delinquency and criminal behavior) and national security (protecting Panama's borders and Canal). Torrijos said his platform will include six areas on which his administration would focus to improve overall security: (1) social and education programs, (2) Public Force (PPF) structural reforms, (3) administration of justice efficiency, (4) prison system improvements, (5) territorial and border security and (6) civil society participation. Torrijos has his pick of trained security professionals from the now-defunct Panamanian Defense Forces who can help him structure his plans, and he has reached out to the Embassy as a potential partner in advancing some areas of mutual interest.

11. (C) Torrijos will have to back up his pledge to reduce corruption with concrete action, beginning with the selection of individuals with solid reputations to serve in key positions. The prior PRD administration under EPB was notably corrupt and after five years out of power, PRD stalwarts are hungry for power and its perquisites, observers say. Torrijos' first cousin, Hugo Torrijos, until recently Torrijos' campaign manager and finance chief, is heavily implicated in a multi-million dollar scandal involving Ports Engineering and Construction Company (PECC), but remains close to him. Many observers think that Torrijos himself may be implicated in the multi-million dollar CEMIS scandal (although we have not seen any evidence yet to support those allegations). Torrijos skillfully handled the PRD primaries, but opponents have criticized him for promising government jobs to primary losers to keep them in the party. Embassy is looking forward to seeing how well Torrijos keeps his promise to revitalize the government transparency law by eliminating President Moscoso's restrictive implementing decree, which effectively gutted the law.

KEY CHALLENGE: STRUGGLE WITHIN THE PRD

12. (C) An internal PRD struggle for positions and influence in a new government may quickly become Torrijos' first major challenge. Several sources close to Torrijos insist that he held off showing his cards on key job assignments in a Torrijos government, believing that his likely decisions would anger Perez Balladares supporters and others of the old guard. Although the Torrijos inner circle is comfortable shutting out the old guard after election day, many have insisted that Torrijos would owe political "debts" to them.

13. (C) The emergence of young leaders like Torrijos has not purged the PRD of its "old guard" or followers of former President Ernesto Perez Balladares (1994-99), but it has rejuvenated party membership and offers much better examples to follow. Like his closest friends, his running mates (See Septel), and advisors, Torrijos is a US-educated modernist, well-versed in doing business with Americans. In fact, Torrijos has cast himself as "Panama's Tony Blair," a free market liberal with strong social conscience. If "change comes from the top" in Panama's top-down political structure, his leadership could greatly improve US-Panama relations in the long run by improving governance in Panama. But much will depend on the durability of his resolve to change, and how well he can keep the "old guard" at bay in the post-election scramble for plum positions in the next government.

WATT